

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-03 H-01 INR-05 L-01 NSAE-00 NSC-05

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TO SECSTATE WASHDC IMMEDIATE 320

INFO AMEMBASSY LISBON

;AMEMBASSY LONDON 1601

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C O N F I D E N T I A L MADRID 6808

E.O. 11652: GDS

TAGS: PINT, SP

SUBJ: RESIGNATION OF FINANCE MINISTER

REF: MADRID 6765

1. FINANCE MINISTER ANTONIO BARRERA DE IRIMO RESIGNED
EVENING OF OCTOBER 29.
2. SPANISH OFFICIAL GAZETTE AND GOVERNMENT PRESS RELEASE
OCTOBER 30 STATED ONLY THAT INFORMATION MINISTER PIO CABANILLAS
AND BARRERA "ENDED" THEIR ASSIGNMENTS PREVIOUS DAY AND THAT
THEIR REPLACEMENTS AS MINISTERS OF INFORMATION AND FINANCE
RESPECTIVELY ARE LEON HERRERA ESTEBAN AND RAFAEL CABELLO DE
ALBA.
3. SEVERAL EMBASSY SOURCES CONFIRM THAT BARRERA'S RESIGNATION
CAME AFTER HE LEARNED OF DISMISSAL OF PIO CABANILLAS AND AFTER
STORMY MID-DAY SESSION BETWEEN BARRERA AND PRESIDENT ARIAS
NAVARRO. SOURCES WITHIN GOVERNMENT ALSO CONFIRM THAT
FRANCISCO FERNANDEZ ORDONEZ, DIRECTOR GENERAL OF NATIONAL
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INDUSTRIAL INSTITUTE (INI), AND BARRERA PROTEGE, HAS ALSO

SUBMITTED RESIGNATION, ALTHOUGH IT STILL HAS NOT BEEN ACCEPTED. CABELLO DE ALBA IS 49-YEAR OLD GOVERNMENT CAREERIST WHO IS NOW VICE PRESIDENT OF GOVERNMENT-OWNED AUTOMOBILE COMPANY, SEAT. HE IS MEMBER OF CORTES AND NATIONAL COUNCILOR OF MOVEMENT, HAS SERVED IN PAST AS CHAIRMAN OF PROVINCIAL COUNCIL OF CORDOBA PROVINCE AND WAS IN 1960'S DIRECTOR GENERAL IN MINISTRY OF LABOR. WHILE CABELLO IS CONSIDERED A MODERATE RATHER THAN A RIGHT-WINGED, ONE SOURCE WHO KNOWS HIM PERSONALLY DESCRIBED HIM AS "TOUGH" AND AS "CHRISTIAN DEMOCRAT WHO AT TIME WEARS A BLUE SHIRT."

4. COMMENT: RESIGNATION OF BARRERA AND IMPENDING DEPARTURE OF FERNANDEZ ORDONEZ HAVE FURTHER ROILED LOCAL POLITICAL SCENE ALREADY HEATED AND CONFUSED BY REMOVAL OF PIO CABANILLAS. WHILE BARRERA'S ANGER OVER CABANILLAS' ABRUPT DISMISSAL APPEARS TO HAVE BEEN OCCASION FOR HIS DECISION TO RESIGN, NOW WELL KNOWN FOR SOME TIME THAT BARRERA HAS REMAINED IN PRESENT GOVERNMENT ONLY RELUCTANTLY AND THAT HIS DIFFERENCES ON ECONOMIC POLICY MATTERS WITH ARIAS AND WITH OTHER MINISTERS HAVE MADE HIM WANT OUT.

5. IN PRESENT CONFUSED SITUATION RUMORS ABOUND OF OTHER IMMINENT RESIGNATIONS OR DISMISSALS. NOW REASONABLY CERTAIN THAT THERE WILL BE SOME EXODUS OF LOWER-LEVEL TECHNOCRAT DISCIPLES OF CABANILLAS AND BARRERA FROM INFORMATION AND FINANCE MINISTRIES. PRIME CANDIDATE FOR EARLY DEPARTURE IS LIBERAL UNDER SECRETARY OF INFORMATION MARCELINO OREJA, WHO OUTSPOKEN PROPONENT OF PRESS FREEDOM. WHILE AUTHORITY AND PRESTIGE OF ARIAS HAVE BEEN TAINTED BY FRANCO'S PERSONAL ACTION AGAINST CABANILLAS, AND WHILE LIBERAL CABINET MEMBERS SHAKEN AND ANGERED BY YESTERDAY'S EVENTS, BEST INDICATIONS AT THIS TIME ARE THAT ARIAS AND MOST CABINET MEMBERS PLAN TO STICK IT OUT FOR TIME BEING. IF THERE ARE TO BE FURTHER CABINET CHANGES IN IMMEDIATE FUTURE, MOST VULNERABLE ARE MINISTERS FERNANDEZ CUESTA (COMMERCE) AND SANTOS BLANCO (INDUSTRY), WHO WERE HAND-PICKED BY BARRERA AND FUNCTION UNDER HIS CLOSE POLICY DIRECTION. (WE HAVE REPORT, HOWEVER, THAT BARRERA HAS URGED THEM TO STAY.)

6. OCTOBER 29 EVENTS HAVE LEFT LIBERALS STUNNED AND CONFUSED.
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WHILE CABANILLAS REMOVAL SERIOUS BLOW IN ITSELF MANY LIBERALS ATTRIBUTING ADDED SIGNIFICANCE TO TIMING OF YESTERDAY'S HARD-HITTING RIGHT-WING SPEECH GIVEN BY NATIONAL CONCILOR FRANCISCO LABADIE OTERMIN, IN PRESENCE OF FRANCO AND PRINCE, WHICH SEEN AS REPUDIATING MAJOR ELEMENTS OF PRIME MINISTER ARIAS' LIBERALIZATION PROGRAM. PRELIMINARY CONCERN AMONG MODERATE AND LIBERAL SECTORS SO FAR IS THAT CABANILLAS' OUSTER SIGNALS TURN TO THE RIGHT AND SHELVEING OF ANY MEANINGFUL

LIBERALIZATION PROGRAM. WHILE IT IS NOTED THAT GOVERNMENTS'S CHOICES TO REPLACE CABANILLAS AND BARRERA ARE NOT STRONGLY IDENTIFIED WITH RIGHT, THERE IS BELIEF THAT, AT LEAST IN CASE OF NEW INFORMATION MINISTER, MARCHING ORDERS ON TIGHTER PRESS CONTROLS ARE NONETHELESS CLEAR.
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